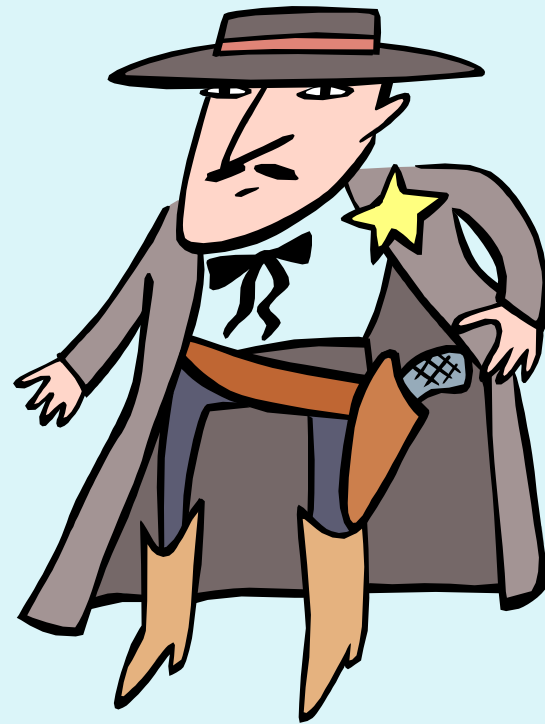


OFFICE OF THE CITY CLERK

- Property BID Best Practices –
2009



Property BID Best Practices Seminar

Thursday, March 19, 2009

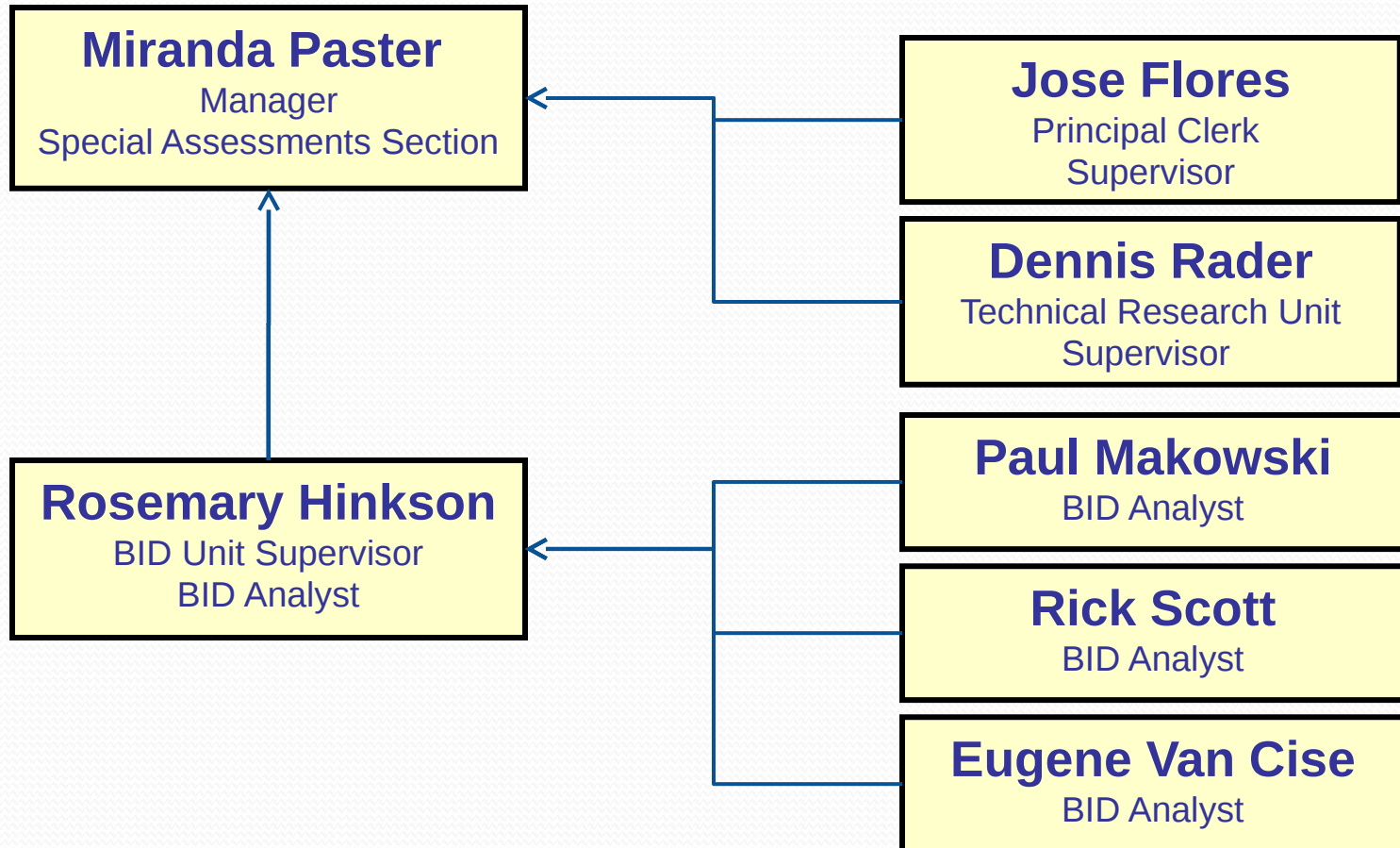
9:30 AM – 2:30 PM



INTRODUCTIONS

- Miranda Paster

City Clerk BID Management Chain



Why & What this
workshop will do for you

Show Me the
Money



Business Improvement BACKGROUND & HISTORY

Thursday, March 19, 2009
9:50 AM – 10:10 AM



Background/History of BIDs

- Estella Lopez



Importance of BIDs in Los Angeles & Internationally

- Carol Schatz



LA BID Consortium

- Laurie Hughes



Highlights of BID Laws

- Rick Scott

Los Angeles City Clerk's Office Best Practices Seminar

Highlights of California State
PBID Law



March 2009

PBID LAW Highlights

- California Streets and Highways Code Sections 36600 to 36671
- “Property and Business Improvement District Law of 1994”
- Prop 218 considerations

PBID LAW Highlights

- PBID formation initiated by an existing organization or a group of interested property and business owners.
- New BIDS established for up to 5 years, may renew for up to 10 years.
- Phases of CA SH 36600 for Establishment/Renewal:
 - Management District Plan development
 - City Clerk approval of MDP
 - Stakeholder support/petition gathering phase
 - Prop 218 Election
 - Council Approval

PBID LAW Highlights

- **Management District Plan development phase:**
(CA. SH Code Sec. 36622)
 - Identification of PBID boundaries, benefit zones and assessment formula. May not include property zoned solely residential (R-1 thru R-3).
 - Development of an programs and budget for each program year of the PBID.
 - Stand-alone Engineer's Report to verify assessments and special/general benefit.
 - **The PBID Management Plan must be approved by the City Clerk prior to seeking support petition signatures.**

Management Plan Program Examples

(CA. SH Code Sec. 36610)

- Maintenance/Cleaning
- Safety/Security/Ambassador Program
- Image Enhancement/Identity/Marketing
- Special Projects/Events
- Management/Administration

PBID LAW Highlights

- **Support Petition Gathering Phase:** (CA. SH Code Sec. 36622)
 - The PBID Management Plan must be approved by the City Clerk prior to seeking support petition signatures.
 - Written support **must** be obtained from property owners who will collectively pay 50% or more of proposed total PBID assessments.
 - Each signer **must** be presented with a summary copy of proposed PBID Management Plan.
 - Completed **prior** to beginning formal hearing at City level. If successful, the PBID support petitions and Management Plan are submitted for City Council approval.

PBID LAW Highlights

● **Formal Adoption Phase:**

(CA. SH Code Sec. 36623-36626)

- City adopts an ordinance of intention to establish the PBID and sets a date for a public hearing.
- A copy of the ordinance (including the Management District Plan and a **Prop 218 ballot**) is sent to **ALL** affected property owners.
- Each owner is given the opportunity to “vote” for or against the PBID.
- Only returned ballots are tabulated to determine if a majority support or protest exists for the PBID.
- City Council holds Final Public Hearing and adopts ordinance of establishment.

PBID LAW Highlights

- Owners' Association contracts with City to manage and administer PBID programs. (CA. SH Code Sec. 36651)
- Assessments placed on County property tax rolls. (CA. SH Code Sec. 36631)
- Assessments returned to City and then remitted to PBID management entity.
- Owners' Association submits annual planning report for City Council approval on activities, expenditures and budgets prior to each BID operating year. (CA. SH Code Sec. 36650)

Accounting Practices for Business Improvement Districts

Thursday, March 19, 2009
10:10 AM – 10:30 AM

Accounting Practices

- Marjorie Grant

- IRS/Government Standards/GAAP/Separation of Duties
- Annual Financial Statements
- How to prepare for a City Audit
- BID accounting software



NEW APPROACH TO BID AUDITS

2009

M. R. GRANT, CPA
6333 WILSHIRE BLVD. #511
LOS ANGELES, CA 90048
(323) 655-7455

Topics For Discussion

- INTERNAL CONTROLS - SEGREGATION OF DUTIES
- SAMPLE SELECTION
- REPORT FORMAT
- QUESTIONS/COMMENTS



INTERNAL CONTROLS - SEGREGATION OF DUTIES

ONE-PERSON OFFICE

TWO-PERSON OFFICE

Bookkeeper

- Authorize purchase orders and check requests
- Mail and write checks
- Disburse petty cash
- Reconcile bank statements
- Record accounts receivable and general ledger entries

TWO-PERSON OFFICE, cont.

Owner/Manager, President or CEO

- Process vendor invoices
- Sign checks
- Complete deposit slips
- Reconcile petty cash
- Review bank reconciliations

THREE-PERSON OFFICE

Bookkeeper

- Reconcile petty cash
- Write checks
- Reconcile bank statements
- Record accounts receivable and general ledger entries

THREE-PERSON OFFICE, cont.

Office Manager

- Receive cash
- Authorize purchase orders
- Process vendor invoices
- Mail checks
- Approve invoices for payment
- Disburse petty cash

THREE-PERSON OFFICE, cont.

Owner/Manager, President or CEO

- Sign checks
- Complete deposit slips
- Review bank reconciliations

FOUR-PERSON OFFICE

Bookkeeper

- Reconcile petty cash
- Write checks
- Reconcile bank statements
- Record accounts receivable and general ledger entries

Clerk

- Receive cash
- Disburse petty cash
- Authorize purchase orders and checks requests
- Mail checks

FOUR-PERSON OFFICE, cont.

Office Manager

- Complete deposit slips
- Process vendor invoices
- Approve invoices for payment

Owner/Manager, President or CEO

- Sign checks
- Review bank reconciliations



SAMPLE SELECTION

REPORT FORMAT

- Criteria
- Condition
- Questioned Costs (if any)
- Effect
- Cause
- Recommendation for Improvement
- Management Response



QUESTIONS/COMMENTS

Accounting Practices

- Don Duckworth

- Financial Reports from the City Clerk's Office/County of LA
 - How do I understand them?
 - What should I do with them?

Accounting Practices

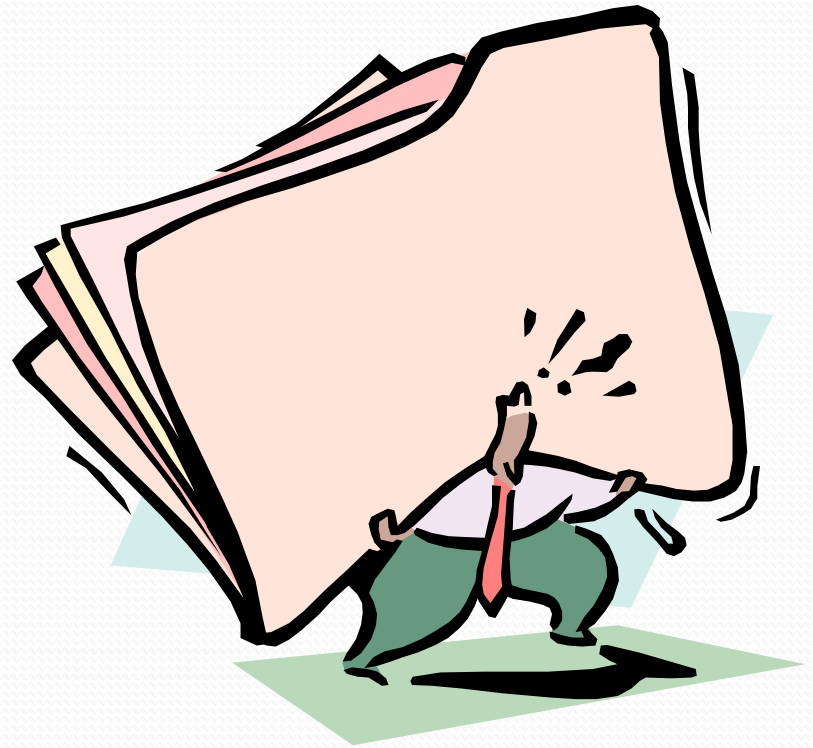
- Ellen Yuan & Emelia Tso

- Questions

City Reporting Requirements

Thursday, March 19, 2009
10:30 AM – 12:00 PM

City Reporting Requirements



The following contract information is not all inclusive; please read the contract in its entirety for complete and detailed information regarding compliance and other issues.

City Reporting Requirements

Invoices

Assessment Database

Quarterly

BID Renewals

Reports/Newsletters

(Silicon Valley)

Annual Financial

Brown Act

Statement

Requirements

Annual Planning Report

Public Records Act

The following contract information is not all inclusive; please read the contract in its entirety for complete and detailed information regarding compliance and other issues.



Invoices

Quarterly Reports/Newsletters

- Rosemary Hinkson

INVOICES

- Transmittal notification to BID within 20 days of receipt of funds from County
- BID will deliver an invoice to City Clerk requesting such funds
- Current compliance with all applicable provisions of the Agreement
- Disbursement to BID within 20 days of receiving the invoice

PBID

Quarterly Reports

- Quarterly Reports are due 30 days after the end of each quarter;
- Quarterly Reports must include the following information:
 - Brief summary in narrative form of the status and progress of the BID activities/programs for each budget line item as identified in the Management District Plan
 - Provide a table indicating the dollar amount expended for each budget line item listed in the management district plan for the subject quarter. Also include year-to-date totals and annual limits.

Quarterly Report Requirements

Budget Line Item	Budget Allocation	Total Expended this Quarter	Total Expended Year-to-Date	Projected Remaining for the Year
Budget Line Item #1	\$10,000	\$ 2,000	\$2,000	\$8,000
Budget Line Item #2	\$	\$	\$	\$
Budget Line Item #3	\$	\$	\$	\$
Budget Line Item #4	\$	\$	\$	\$
Budget Line Item #5	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$

Quarterly Reports Checklist

- Compare description and cost of programs in MDP with Quarterly Reports
- Review deviations in excess of 10% for each budget line item
- Review budget allocation changes that exceed 10% of the total budget for all programs
- Request Council authorization to modify programs, improvements and activities
- Check contract requirements for: Due Dates



PBID Newsletters

- Facilitates and maximizes exchange of information
- Markets the activities and promotes the BID programs
- PBIDs are required to produce and distribute newsletters at minimum on a quarterly basis.
- A copy of each newsletter should also be sent to all stakeholders and to City Clerk's Office.



Annual Financial Statements (Due Dates)

- Eugene Van Cise

Financial Statement Checklist

- Must be prepared and signed by a Certified Public Accountant
- Check that Financial Statement covers the fiscal year in question
- Compare revenues and expenses in Financial Statement with Quarterly Reports
- PBID Financial Statements are due no later than May 1st.



Annual Planning Report

- Paul Makowski

ANNUAL PLANNING REPORT

-DUE DECEMBER 1st

(City Council approval needed by Jan 1st)

Planning Reports must include all of the following:

- 1) District **Name & Fiscal Year**
- 2) **Signature w/ Approval Date** of Advisory Board/
Non-Profit rep
- 3) Changes in **Boundaries OR Benefit Zones**

ANNUAL PLANNING REPORT, Cont

- 4) **Improvements/Activities** (narrative W/ budget estimates)
- 5) Estimate of **Total Cost** (complete annual budget)
- 6) **Method and Basis of Assessment** (matches MDP)
- 7) **Surplus/Deficit** (from previous year)
- 8) **Contributions** (from other sources – e.g. Grants).



Data Submission Requirements

- Dennis Rader

Submitted Data Overview

1) Main Property BID Database

- a) Excel Format
- b) Submit during formation or renewal phase, as soon as available
- c) Third party data sources
- d) Your particular data may have more or less columns, depending on the assessment variables for your district
- e) Map of district included with submittal

Submitted Data Overview Cont.

2) Annual County data

- a) Method used to place assessments on County tax roll
- b) Due June 1 each year but can submit early
- c) Excel format
- d) Format required by the County, separated into Non-Govt and Govt pages
- e) No zero assessments!
- f) Consumer Price Index (CPI) increases applied properly
- g) Use parcel change/exception report when submitting data

Submitted Data Overview Cont.

3) Parcel Change and Exception reports

- a) Received in late August from County after submission
- b) Generated by the County to indicate parcels that are no longer valid for submittal
- c) Parcel Change report contains only changed parcels, Exception report contains ALL invalid parcels regardless of reason
- d) Deadline for submission of changed parcels is Sept 1, County will charge \$13 per parcel for those submitted after this date

Submitted Data Overview Cont.

3) Parcel Change and Exception reports Cont...

- a) If you are receiving these reports in August, you need to provide assessments on the new parcels before deadline
- b) If you receive these reports at any other time of the year, we are just providing the updated information so that you can update your records
- c) “O” status codes indicate old parcels, “N” code indicates new parcels



Renewals: affects of Silicon Valley Case

- Miranda Paster

Renewals

- Renewals should include:
 - 1) A Broadened Definition of General Benefits
 - 2) A Stricter Definition of Special Benefits
 - 3) Special benefits discussed in terms of their accrual to the individual parcels in the district....



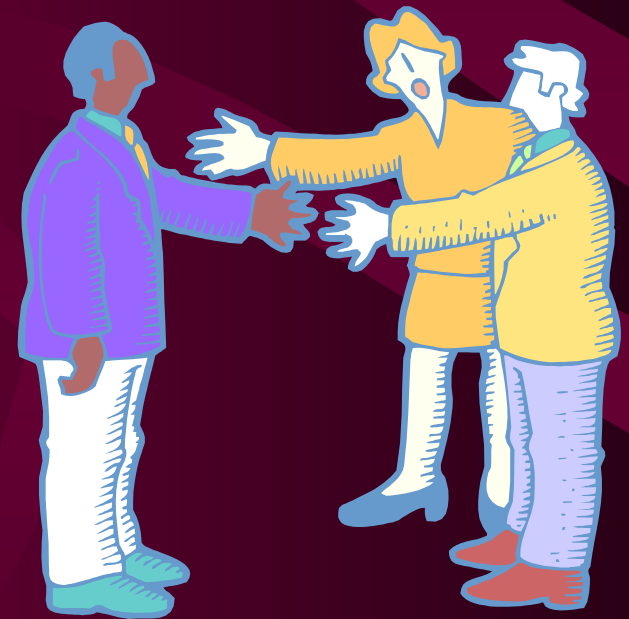
Brown Act Requirements

- Rick Scott

The Ralph M. Brown Act

(CA Gov Code Sec. 54950-54959)

California's Open Meeting Law



Brown Act Basics



Entities established by State Law must:

- Have all their meetings in public;
- Discuss, deliberate & vote during public meeting unless item meets narrow list of exceptions;
- Give timely and sufficiently detailed notice to the public of business they will address at their meetings; and
- Allow members of the public the opportunity to speak during the meeting.

Agenda Requirements



- A written agenda must be prepared for each regular or adjourned regular meeting of each legislative body.
- The agenda must be posted at least 72 hours in advance of the meeting to which it relates. If it's a special meeting, the agenda must be posted 24 hours in advance.

Brown Act Basics

Brown Act Requirements for BIDs:

(CA. SH Code Sec. 36614.5)

1. BID Board Meetings open to public
2. Meeting agendas must be posted 72 hours in advance
3. Every agenda must allow for public comment
4. Some exceptions





Public Records Act

- Jose Flores

California Public Records Act

1. BID response
2. Access to BID records
3. Assistance to requestor
4. Records can not be in electronic form only.
5. Copy costs
6. Withholding of records
7. Records must be kept a minimum of 3 years.



Reporting Exercise

- Miranda Paster

Reporting Exercise

Budget Line Item	Budget Allocation	Total Expended this Quarter	Total Expended Year-to-Date	Projected Remaining for the Year
Budget Line Item #1	\$	\$	\$	\$
Budget Line Item #2	\$	\$	\$	\$
Budget Line Item #3	\$	\$	\$	\$
Budget Line Item #4	\$	\$	\$	\$
Budget Line Item #5	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$

LUNCH

Thursday, March 19, 2009

12:00 PM – 1:00 PM

Best Practices for Business Improvement Districts

Thursday, March 19, 2009

1:00 PM – 1:30 PM

Best Practices

- Kerry Morrison

- Relationships with Stakeholders
- Relationships with Board
- BID Board Financial Oversight
- Property Owner Assessment Resolution



BID Best Practices Seminar

Thursday March 19, 2009

Presentation by Kerry Morrison
Executive Director Hollywood Property Owners
Alliance

Hollywood Entertainment District
Sunset & Vine BID

Section One: Stakeholder Relationships

- Customer Service ethic: every interaction is a “moment of truth”
- Meet or connect with every stakeholder once a year
- Survey stakeholders
 - a. identifies their needs/wants
 - b. reveals their misunderstanding re/purpose of BID
- Treat all phone calls as important: from smallest stakeholder to largest
- Never forget that each stakeholder votes (even in a 10-year BID)
- Do not deviate from BID purpose or mission, as defined in MDP because stakeholders cannot “dis-join” you
- The longer you are in business, the more they think you can accomplish...be realistic with them
- Show respect, even when its challenging
- Invite them to a board meeting if they have a beef with you
- Notes:

Section Two: Components of a Successful Board

	Dysfunctional	Successful	Examples
Bylaws	<ul style="list-style-type: none"> • Ignores 	<ul style="list-style-type: none"> • adheres (and periodically amends) 	
Purpose/Mission	<ul style="list-style-type: none"> • Strays • “Interprets” 	<ul style="list-style-type: none"> • adheres 	
Directors	<ul style="list-style-type: none"> • lower-tiered staff • non-stakeholders 	<ul style="list-style-type: none"> • executives/principals • stakeholders 	
Committees	<ul style="list-style-type: none"> • recommendations are not honored by Board 	<ul style="list-style-type: none"> • Board respects committee work 	
Roles: Board v. Staff	<ul style="list-style-type: none"> • micromanages 	<ul style="list-style-type: none"> • shapes policy • Advises when asked 	
Support of Staff	<ul style="list-style-type: none"> • weak in face of stakeholder/ political pressure 	<ul style="list-style-type: none"> • publicly supports staff • Privately counsels 	
Fiduciary Responsibilities	<ul style="list-style-type: none"> • self interests comes first 	<ul style="list-style-type: none"> • can vote for an action even if they are not helped (or even disadvantaged) 	
Respect	<ul style="list-style-type: none"> • decorum is missing 	<ul style="list-style-type: none"> • professional in all respects 	

Section Three: BID Board Financial Oversight

- Relationship with Treasurer and Finance Committee
 - Financial presentation to Board
 - complete cash basis monthly financial statement
 - full disclosure/discussion of variances
 - Petty cash policies
 - Check signing policies
 - Salary budgeting

Additional BID Best Practices

Top 15 Best Practices for BIDs

1. BID Reporting Requirement Checklists
2. PBID Law
3. Invoices- Require up-to-date reporting
4. Keep BID Partners Informed
5. Database Update (Continual Process)
6. Annual Planning Reports
7. Consensus building

Additional BID Best Practices

Top 15 Best Practices for PBIDs

8. Communication
9. Document, Document, Document
10. Mission Statement
11. BID Core Mission
12. Local Organizations
13. Informed about your community
14. Meet regularly
15. Create a vision

Questions and Comments

Thursday, March 19, 2009

1:30 PM – 2:00 PM

Questions

- SAS Personnel

MBID Requirements

Thursday, March 19, 2009

2:00 PM – 2:30 PM

THANK YOU

Office of the City Clerk
Special Assessment Section

Phone: 213-978-1099